

VIETNAM

REVIEW OF OPERATIONS

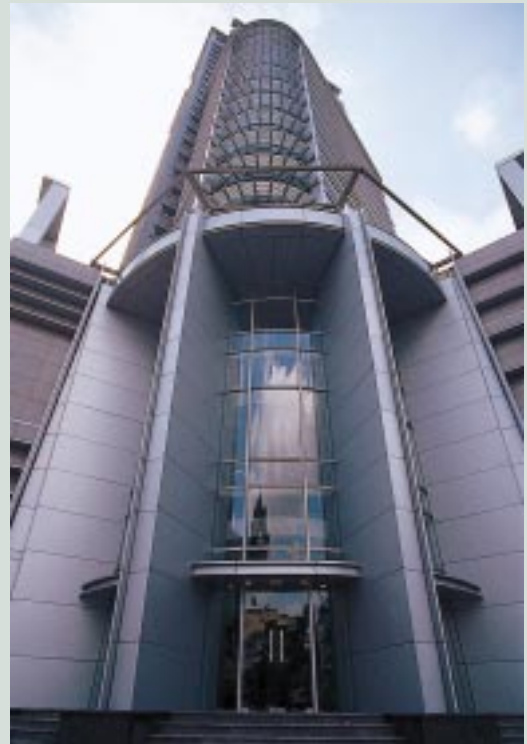
Ho Chi Minh City - Saigon Centre

As from 28 February 1997, Keppel Land owns 68% of the entire Saigon Centre project after acquiring the 34% interest of Hong Kong's First Pacific Land.

Saigon Centre is strategically located fronting Le Loi Boulevard, Ho Chi Minh City's arterial thoroughfare. It is also within walking distance of major hotels, government offices, commercial establishments and tourist attractions. To be developed over five phases in accordance with market demand, the entire project will have mixed uses comprising office blocks, serviced apartments and a hotel interlinked by a retail podium.

Saigon Centre has become a landmark in Ho Chi Minh City's business hub.

Phase 1, which offers 285,963 sf of space in a 25-storey tower, has been completed. It comprises three levels of basement car park, an 11-storey office tower above



a three-storey retail podium and another 89 serviced apartments above the offices.

MARKET REVIEW

Period of consolidation for office market

The office market in Ho Chi Minh City is currently undergoing a period of consolidation. A slowdown in investments and the economy has led to lower occupancy rates and rentals. Increased supply of office space has exacerbated the situation. About 1.5 million sf of new office space were completed in 1997. Grade A and B offices command rentals of US\$25 - 30 psm and US\$20 - 25 psm per month respectively. Worst hit are the low-end developments, whose rentals have fallen to a low of \$15 psm per month.

However, supply is expected to ease in 1998, as only 130,000 sf of office space are expected to be completed. The office market will also be helped by the opening of a stock market in Vietnam in late 1998, as it would attract the foreign business community and a range of supporting services.

Demand for well-located serviced apartments

Competition in the residential market will increase as supply, which rose by 30% in 1997, grows by another 67% in 1998. However, demand for centrally located serviced apartments is expected to hold although some downward pressure on rentals is likely.



Strategically located at the top of the Saigon Centre office tower, Sedona Suites enjoy high occupancy rates.

The office tower enjoys high occupancy of about 80%. Major tenants include the German Deutsche Bank, Vietnam Brewery, US Consulate, Singapore Consulate, Reuters, Qantas, Swiss Air and Fuji Xerox. Deutsche Bank alone is leasing more than 20% of the office space in the Phase 1 tower for 15 years. The retail podium has been let to Fuji Xerox and Korean Air. The 89 serviced apartments which are managed by Sedona Hotels International under the Sedona Suites brandname, enjoy high occupancy of about 90%.

Planning approval for the second phase of Saigon Centre has been obtained. It will comprise a 212-unit serviced apartment tower above a retail podium which in turn will be linked to Phase 1's retail podium.

Ho Chi Minh City - Tamarind Park

Tamarind Park is located at Thai Van Lung

Street in Ho Chi Minh City's prime District 1. Having the convenience of a city centre location, Tamarind Park is only a stone's throw away from major hotels, commercial establishments, embassies and government offices.

When completed, the development will feature a 20-storey apartment tower with a total of 173 furnished residential units, complete with full recreational facilities.

Hanoi - International Centre

International Centre, the first modern office building in the capital of Vietnam, is strategically located in the midst of the financial hub at 17 Ngo Quyen Street, Central Hanoi. It offers 80,000 sf of prime Grade A office space in an eight-storey office block. Opened in mid-1995, it features modern amenities such as intelligent lifts, air-conditioning, fire protection systems and central antennae television system as well

VIETNAM

as satellite services for both local and overseas broadcast.

With its key location and quality, International Centre enjoys high occupancy of above 90%. It has attracted big multinational tenants like Singapore Airlines, Citibank, ING Barings, Caltex, Esso, Dow Jones Telerate and Fuji Xerox .

Hanoi - Royal Park

In the scenic Westlake area, the Group is developing Royal Park which comprises 175 serviced apartments and villas with comprehensive clubhouse facilities. Phase 1 of Royal Park, which will also be managed under the Sedona Suites brandname, will be completed in mid-1998.

Vietcombank Towers

Keppel Land has a 6% stake in the 22-storey office building, which is located in downtown CBD. It is expected to be completed in 1999.



Located in the scenic West Lake area, Royal Park's 155 serviced apartments and 20 villas will be completed in mid-1998.

Vung Tau - PetroVietnam Towers

The Company also has an 11.9% stake in PetroVietnam Towers, a 10-storey Grade A office development in the prime commercial district of Vung Tau, an oil and gas city. Completed in mid-1997, it is the first international standard building in Vung Tau City.

MARKET REVIEW

Hanoi

Office market affected by regional crisis

As in Ho Chi Minh City, office rentals and occupancy rates in Hanoi fell as foreign companies either stop or slow down expansion plans as a result of the regional financial crisis. However, the reduction in rentals may improve its cost competitiveness and encourage investors to consider Hanoi.

Residential market remains competitive

The residential market is expected to remain competitive as increasingly housing allowances of expatriates are drastically cut due to the Asian economic crisis, and with the number of projects increasing over the next two years. Besides the usual factors like good location and design, projects that will emerge more successful in times like these will be those that are well-managed.